

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

REVIEW REPORT
OF
HEALTH PROFESSIONS BUREAU
STATE OF INDIANA
May 1, 2002 to March 31, 2005

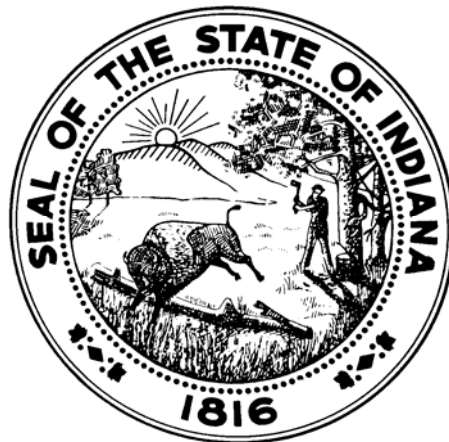


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AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Ms. Lisa R. Hayes	08-13-01 to 01-10-05
	Ms. Barbara McNutt (Interim)	01-11-05 to 03-13-05
	Ms. Francis L. Kelly	03-14-05 to 01-11-09



STATE OF INDIANA

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF HEALTH PROFESSIONS BUREAU

We have reviewed the receipts, disbursements, and assets of the Health Professions Bureau for the period of May 1, 2002, to March 31, 2005. Health Professions Bureau's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Health Professions Bureau are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

May 26, 2005

HEALTH PROFESSIONS BUREAU
REVIEW COMMENTS
MARCH 31, 2005

ATTENDANCE REPORTS

We observed that employee attendance reports were found signed, dated and approved prior to the last day worked.

Employee attendance reports should not be signed, dated or approved prior to the last day worked in a pay period. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 9)

CONTRACT REQUIREMENTS

Records presented for audit indicate that the Health Professions Bureau made payments to vendors under contracts. These contracts had not been signed by the proper officials prior to their effective date. Internal controls are weakened when a contract is put into effect before proper approval.

Indiana Code 4-13-2-14.1 requires that: "...a contract to which a state agency is a party must be approved by the following persons:

- 1) The commissioner of the Indiana Department of Administration
- 2) The director of the Budget Agency . . .
- 3) The Attorney General . . ."

In addition, Indiana Code states: ". . . a contract to which a state agency is a party must be in writing."

FIXED ASSEST INVENTORY

As stated in our prior report (B19203), the fixed asset inventory of the Health Professions Bureau is not complete as to additions. Additionally, an annual physical inventory of assets owned has not been conducted.

Each state agency is required to report to the Auditor of State all additions of assets with a cost of \$20,000 or more. Assets costing more than \$500 but less than \$20,000 must be maintained on an asset control system at the agency. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

Once a year, after receiving a Fixed Asset Master Listing, a physical inventory is to be taken and compared to the Master Listing and the agency's listing of assets from its asset control system. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

SEGREGATION OF SDO DUTIES

As stated in our prior report (B19203), we noted a lack of controls over the accounting for the Special Disbursing Officer Fund (SDO) for the Health Professions Bureau. The same person writes and signs the checks, prepares the reimbursement voucher and reconciles the account.

The best control is provided when the reconciliation is prepared or reviewed by staff independent of the functions of preparing checks or maintaining the check register. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

HEALTH PROFESSIONS BUREAU
EXIT CONFERENCE

The contents of this report were discussed on June 30, 2005, with Ms. Francis L. Kelly, Executive Director.